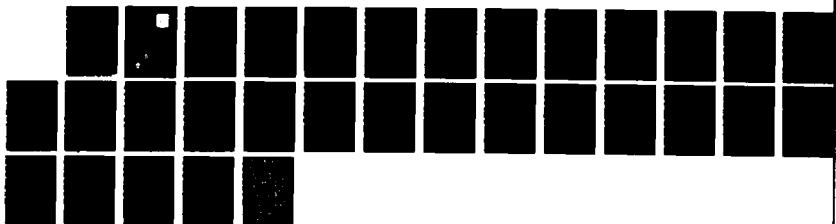


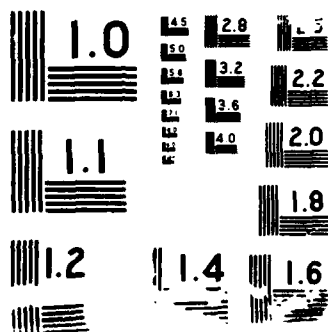
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STUDY PROJECT

THE GORBACHEV STRATEGY FOR SOCIO-ECONOMIC REFORM

BY

LIEUTENANT COLONEL WILLIAM E. BORLAND

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REPORT DOCUMENTATION PAGE		READ INSTRUCTIONS BEFORE COMPLETING FORM
1. REPORT NUMBER	2. GOVT ACCESSION NO.	3. RECIPIENT'S CATALOG NUMBER
4. TITLE (and Subtitle) The Gorbachev Strategy For Socio-Economic Reform		5. TYPE OF REPORT & PERIOD COVERED (For Publication) Individual
		6. PERFORMING ORG. REPORT NUMBER
7. AUTHOR(s) William E. Borland, LTC		8. CONTRACT OR GRANT NUMBER(s)
9. PERFORMING ORGANIZATION NAME AND ADDRESS U.S. Army War College Carlisle Barracks, PA 17013-5050		10. PROGRAM ELEMENT, PROJECT, TASK AREA & WORK UNIT NUMBERS
11. CONTROLLING OFFICE NAME AND ADDRESS		12. REPORT DATE 6 April 1988
		13. NUMBER OF PAGES 27
14. MONITORING AGENCY NAME & ADDRESS (if different from Controlling Office)		15. SECURITY CLASS. (of this report) Unclassified
		15a. DECLASSIFICATION/DOWNGRADING SCHEDULE
16. DISTRIBUTION STATEMENT (of this Report) Approved for public release; distribution is unlimited.		
17. DISTRIBUTION STATEMENT (of the abstract entered in Block 20, if different from Report)		
18. SUPPLEMENTARY NOTES		
19. KEY WORDS (Continue on reverse side if necessary and identify by block number)		
20. ABSTRACT (Continue on reverse side if necessary and identify by block number) When Mikhail S. Gorbachev became General Secretary of the Soviet Union in March 1985, he inherited a country in economic chaos. In the mid 1970's economic stagnation started a downward trend in the Soviet economy that has continued into the 1980's. Economic problems included a GNP of only a little more than 2 percent a year, low productivity, a growing gap with the West in advanced technology, and poor morale, waste, inefficiency, and corruption on the part of managers and workers. Decreasing living standards were (con't)		

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accompanied by shortages in food, housing, and consumer goods and services. Problems were not confined to the economic sector, but to all spheres of Soviet life. There was a stagnation in leadership, and a gradual erosion of the ideological and moral values of the Soviet people, as evidenced by growing alcoholism, drug addiction, and crime. Gorbachev's strategy of perestroika, or restructuring, is his concept of accelerated socio-economic development to revitalize the disastrous state of the Soviet economy and the general social deterioration of Soviet society. The success or failure of Gorbachev's unprecedented radical reforms in transforming the Soviet society and the Soviet economy will have far-reaching consequences for the Soviet Union and the international community well into the 21st century.

USAWC MILITARY STUDIES PROGRAM PAPER

THE GORBACHEV STRATEGY FOR SOCIO-ECONOMIC REFORM

An Individual Study Project
Intended For Publication

by

Lieutenant Colonel William E. Borland (Author)

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Project Adviser

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U.S. Army War College
Carlisle Barracks, Pennsylvania 17013
6 April 1988

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ABSTRACT

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INTRODUCTION

In April 1985, shortly after becoming General Secretary of the Soviet Union, Mikhail S. Gorbachev presented the key elements of his policy of **perestroika** (restructuring) to the Plenum of the Central Committee of the Communist Party of the Soviet Union (CPSU).¹ **Perestroika** is Gorbachev's strategy for acceleration (**uskoreniye**) of the socio-economic development of the Soviet Union.² Gorbachev inherited a country in "economic crisis", a crisis so severe that if improvements are not made, the Soviet Union could lose its superpower status and possibly see a collapse of its entire system within fifteen or twenty years.³ The success or failure of Gorbachev's unprecedented radical reforms in transforming the economy to a successful global economy will have far-reaching consequences for the Soviet Union and the international community well into the 21st Century. In his keynote address to the 27th Party Congress of the CPSU on 25 February 1986, Gorbachev outlined the necessity for **perestroika**: "...Implementation of the policy of acceleration will have far-reaching consequences for the destiny of our motherland."⁴

BACKGROUND

The economic growth rate in the Soviet Union, as measured by GNP, maintained momentum during the 1950's and 1960's. GNP averaged over 5 percent per year, with industrial production increasing by 7 percent per year and agricultural output growing by 3 percent per year. Along with achieving a large military buildup of conventional and nuclear forces, the Soviet Union

maintained a high rate of investment in plant and equipment, and raised the standard of living.⁵

In the mid-1970's economic stagnation started a downward trend in the economy. During the period 1975 through 1984, GNP growth averaged only a little more than 2 percent a year. The Eleventh Five-Year Plan (1981-85) represented the worst economic performance of any five-year plan since the end of World War II. During this period GNP annual growth averaged 2.2 percent; industrial growth, 2.3 percent; and agricultural growth 2.2 percent. Growth of GNP in 1984-85 dropped to 1.5 percent. This drop in Soviet economic growth after 1975 was associated with a reduced growth in capital investment, and an absolute decline in the productivity of labor and capital.⁶

ORIGINS OF PERESTROIKA

When Gorbachev became General Secretary on 11 March 1985⁷, he inherited a country in economic chaos. The country suffered from a myriad of problems associated with a police state and a centralized, inflexible economic system characterized by state ownership and management of the country's industrial, agricultural, and military resources. Economic problems included stagnation in growth, shortfalls in raw materials, fuel, and energy, and low productivity, poor morale, waste, inefficiency, and corruption on the part of managers and workers. Decreasing living standards were accompanied by shortages in food, housing, and consumer goods and services, and seriously deficient health services. It is paradoxical that the Soviet system has ensured

full employment and provided fundamental social guarantees. A gap with the West, in terms of the development of computers and other sophisticated technologies, was widening.

Another burden on the Soviet economic system was the resources drain on all sectors caused by decades of priority to military investment. Additionally, the drop in the price of crude oil contributed to a foreign currency shortage.

Problems were not confined to the economic sector, but included all spheres of Soviet life. There was a stagnation in leadership and a gradual erosion of the ideological and moral values of the Soviet people, as evidenced by growing alcoholism, drug addition, and crime.

Thus **perestroika** was necessitated by the disastrous state of the Soviet economy, which was contributing to social unrest and a general social deterioration of Soviet society. Gorbachev realized that the Soviet Union had to modernize and become a world economic power or face eventual decline. Gorbachev described the urgent necessity for change in his book **Perestroika:**

Perestroika is an urgent necessity arising from the profound processes of development in our socialist society... Any delay in beginning **perestroika** could have led to an exacerbated internal situation in the near future, which, to put it bluntly, would have been fraught with serious social, economic, and political crises⁸.

ELEMENTS OF PERESTROIKA

STRATEGIC COURSE

At the April 1985 Plenary Meeting of the CPSU Central

Committee Gorbachev set forth his strategy of perestroika and formulated its basic objectives. This concept of accelerated socio-economic development formed the basis of the new Party Program, which was later endorsed by the 27th Party Congress as the Party's general policy line.⁹

In his 25 February 1986 keynote address to the 27th Party Congress, Gorbachev set the stage for perestroika with a direct attack on inept Soviet leadership, the self-serving Party, and the inflexible government bureaucracy at all levels as responsible for the stagnation and retardation of the Soviet economy.¹⁰ He spoke of radical reform of not only the Soviet economy, but reform of Soviet culture, the political structure, and foreign policy, all discrete elements of Gorbachev's reform package. Gorbachev set economic improvements as his number one objective:

In short, comrades, acceleration of the country's socio-economic development is the key to all our problems: Immediate and long-term, economic and social, political and ideological, internal and external. That is the only way a new qualitative condition of Soviet society can and must be achieved.¹¹

USKORENIYE

Gorbachev's first priority was to reverse the crises in the economic sphere. Intrinsic in improving the rate of economic growth was structural reorganization of the economy, reconstruction of its material base, introducing new technologies, investment policy changes, and establishing discipline, standards, and responsibility in management.¹² The

objective was to increase productivity by accelerating scientific and technological progress, concurrently with increasing economic efficiency and responsibility.

Gorbachev described this concept of uskoreniye, or acceleration of the country's socio-economic development, as an all-out intensification:

What do we mean by acceleration? First of all, raising the rate of economic growth. But that is not all. In substance it means a new quality of growth: An all-out intensification of production on the basis of scientific and technological progress, a structural reconstruction of the economy, effective forms of management and of organizing and stimulating labor.¹³

The Soviet bureaucracy stifles the country's economic system. The system is managed by a complex hierarchy of government and Communist Party organizations. These include the Party Central Committee, the Politburo, the State Planning Commission, fifty economic ministries, and dozens of regional ministries. Soviet plant managers are told by government officials what to produce and how to produce it. Decisions about matters such as product prices, marketing, volume, financing, and trade are passed to managers of state-owned enterprises by government ministries and subministries.¹⁴

A program for economic reform, intended to shift the emphasis of management from primarily administrative management to self-management principles, called "Fundamentals Of Radical Restructuring Of Economic Management", was adopted at the June 1987 Plenary Meeting of the CPSU Central Committee.¹⁵ This reform is based on increased independence of enterprises, with eventual transition to full self-accounting and self-financing.

Managers will be fully responsible for efficient management and end results.

Fundamental to Gorbachev's drive to strengthen the Soviet economy is his goal of making the Soviet Union a leader in the global economy. Increasing trade with Western countries and the introduction of Western advanced technology is key to the economic revitalization of the Soviet Union. In an attempt to integrate the Soviet economy into the global economy Gorbachev has centralized Soviet foreign trade policy while simultaneously decentralizing its execution.¹⁶

In his 27th Party Congress speech Gorbachev called for doubling the national income and production potential by the end of the century.¹⁷ CIA estimates that to double the national income by year 2000 Soviet GNP would have to grow at an annual rate of 3.5 percent over the 1986-90 period and 5.0 percent between 1990 and 2000. The CIA estimates that the Soviet average GNP growth rates were 2.7 percent for the period 1976-80 and 2.7 percent for 1981-84.¹⁸

Gorbachev's program involves restructuring economic management by introducing self-management principles, modernizing plant and equipment, dramatic advances in technology, and increased efficiency in the use of energy and natural resources.

GLASNOST

In his book, Perestroika, Gorbachev attacked inefficiency and corruption at all levels of society, including within the Party.

Many Party members in leading posts stood beyond control and criticism, which led to failures in work and to serious malpractices...At some administrative levels there emerged a disrespect for the law and encouragement of eyewash and bribery, servility, and glorification.

To identify abuses and promote discipline and responsibility Gorbachev established a policy of glasnost, or openness and public disclosure, which has encouraged a degree of self-criticism unprecedented in Soviet history. Glasnost allows controlled criticism and self-criticism of all spheres of society, primarily through the mass media, thus establishing a more moral atmosphere in society. This gives all people an opportunity to participate in the restructuring effort, resulting in an atmosphere of "democratization" within society.

Specifically, the intent of glasnost is to expose some discrepancies in Soviet history, including abuses and mistakes of the Stalin and Brezhnev eras, to expose current corruption, to improve order and discipline, to provide a platform to discuss reforms, and to allow a sufficient information flow for perestroika to work.

Additionally, glasnost encourages increased freedom of expression in art, literature, drama, and music to insure the participation of the intelligentsia. This intelligentsia includes creative unions and professional societies of intellectuals such as writers, architects, composers, actors, artists, journalists, and filmmakers. This is all part of the "democratization" process to gain the participation and the creative endeavors of all elements of Soviet life.

Gorbachev realized that to achieve his economic objectives,

his reforms must address all spheres of Soviet life:

The policy of acceleration is not confined to changes in the economic field. It envisages an active social policy, a consistent emphasis on the principle of socialist justice. The strategy of acceleration presupposes an improvement of social relations, a renovation of the forms and methods of work of political ideological institutions, a deepening of socialist democracy, and a resolute elimination of inertness, stagnation and conservatism-of everything that is holding back social progress.²⁰

DEMOCRATIZATION

For perestroika to succeed Gorbachev had to confront the culture of the Soviet society, a society where control and manipulation has included arbitrary arrests, censorship, labor camps, and enforced intellectual conformity.

In order to invigorate and insure the creative participation of this human factor Gorbachev called for the broad democratization of all aspects of Soviet society. The active participation and efficient functioning of all public organizations, all production teams and creative unions, and all citizens is critical to the success of economic reform. The objective of democratization is getting people to participate, thereby gaining the active support, ideas, and skills of the population. Additionally, democratization will tend to make the processes of reform irreversible.

Culture

When Gorbachev came to power he faced a country plagued by a decay in ideological and moral values. This decay included

corrupt government officials, black market operations, increasing alcoholism, drug abuse, high infant mortality rates, cynicism, and social alienation of many of its people. Characteristics of the Soviet labor force included low productivity, inefficiency, waste, corruption and a lack of incentives for managers and workers to improve efficiency and productivity.²¹ Stagnation and passiveness in leadership developed, Party guidance was relaxed, and initiative lost in social processes.

Health care and education are free. There is virtually no unemployment. Even a bad worker can make a living. Therefore, there is little incentive for efficiency when people who give little to society get all possible benefits.

In his speech to the 27th CPSU Congress Gorbachev spoke out against drunkenness and alcoholism, parasites, misappropriations of socialist property, and bribery.²² He called for the steady enhancement of the Soviet people's well-being with a doubling of the volume of resources directed toward the improvement of the conditions of life in the next 15 years, with huge funds directed toward construction of housing and social cultural facilities.²³ Gorbachev said, "It is important that the Soviet people sense a change for the better in the near future".²⁴ The commitment of the masses is key to increased productivity, and the intent of increasing the standard of living is an attempt to gain mass commitment by giving the population an incentive for increased efficiency and productivity.

Additionally, at the 27th Party Congress, Gorbachev called for a strengthening of law and order at all levels to deal with

corruption and to put the principles of social justice into practice.

The democratic principles of justice, the equality of citizens before the laws, and other guarantees securing the defense of the interests of the state and each citizen must be observed in the strictest way...It is essential to decisively expand the role of the public prosecution directorate to perfect the work of the courts and the legal profession, and, in the near future, finish the work on the law, as provided for in the constitution, on the procedures for appealing to the court against the illegal actions of officials encroaching on the rights of citizens.²⁵

Democratization of management includes the shifting from primarily administrative to primarily economic management methods at every level. These economic management methods include a transition to self-management, self-accounting, and self-financing, with profits directly proportionate to efficiency. This would free central management of operational functions in the running of enterprises and thus enable the central economic ministries in Moscow to concentrate on key processes such as determining the strategy of economic growth.²⁶

Thus, the focus of democratization includes raising moral values, social justice, distribution according to labor input, uniform discipline and laws for all, and improving the mechanism of management.²⁷ The objective of democratization is the intensification of the human factor, to revive and consolidate in the Soviet people a sense of responsibility for the country's destiny. Gorbachev understands that it is critical to gain their participation because the creativity of the masses is the decisive force of perestroika.²⁸

NEW POLITICAL THINKING

In 1985, as the new Soviet leader, Gorbachev entered an international environment within which U.S.-Soviet political relations were at an all-time low, and Soviet influence abroad had been deteriorating since the 1970's. The Soviet intervention in Afghanistan in 1979, the declaration of martial law in Poland in 1981, and the United States' military revitalization contributed to strained U.S.-Soviet relations.

Gorbachev's new political outlook, which he calls "new political thinking", calls for a restructuring of Soviet foreign policy and ideology. New political thinking discards some of the traditional Soviet notions of war and peace:

Nuclear war (or conventional war by major powers) cannot be a means of achieving political, economic, ideological or any other goals...It is the political function of war that has always been a justification for war, a "rational" explanation. Nuclear war is senseless; it is irrational. There would be neither winners nor losers in a global nuclear conflict: world civilization would inevitably perish. It is suicide...²⁸

The purpose of Gorbachev's new political thinking, as it relates to foreign policy, is to relax tensions between the East and the West, to create an image of reasonableness and charm, thus establishing an international atmosphere within which the Soviet Union could become a major player in global economics and buy time to accomplish economic reform. Gorbachev realizes that he cannot achieve his objectives of gaining access to advanced Western technology, which is critical to revitalization of the Soviet economy, without an improved international environment, particularly a stable relationship with the United

States.

...The tasks underlying the country's economic and social development also determine the CPSU's strategy on the world scene. Its aim is crystal clear-to ensure to the Soviet people the possibility of working under conditions of enduring peace and freedom.³⁰

In his 23 April 1985 address to the plenary meeting of the CPSU Central Committee, Gorbachev signaled a possible shift in foreign policy to one of peaceful coexistence with the United States.

The Soviet Union declares again and again that it will firmly follow the Leninist course of peace and peaceful coexistence...It is possible to prevent war...Mankind has found itself with a choice: either the fanning of tension and confrontation, or a constructive search for the mutually acceptable accords that would halt the process of material preparation for a nuclear conflict...We invariably advocate the development of normal, equal relations with capitalist countries. Vexing problems and conflict situation should be solved by political means-such is our firm conviction.³¹

Another facet of Gorbachev's new political thinking is the restructuring of ideology, specifically the repudiation of the Leninist doctrine of an inevitable war between capitalism and communism. Gorbachev has stated repeatedly that this doctrine is futile and has been rendered obsolete by advanced weapons technology.

Our readiness to improve relations with the United States is also known... There is no sort of fatal inevitability of confrontation between the two countries.³²

The time has come to have a thorough understanding of the harsh realities of our day: nuclear weapons harbor a hurricane with the potential of sweeping the human race from the face of the Earth... Socialism unconditionally rejects war as a means of settling state-to-state political and economic

contradictions and ideological disputes...That is why...the preservation and strengthening of universal peace remains the fundamental direction of the party's activities on the international scene...This means realizing that in the present situation there is no alternative to cooperation between all countries...Confrontation between capitalism and socialism can proceed only in forms of peaceful³³ competition and peaceful contest...

As part of his drive to relax East-West tensions, Gorbachev has continued to present proposals for arms control, including a program calling for a complete ban on nuclear weapons by the year 2000.³⁴ Gorbachev must avoid another acceleration of the arms race which would drain scarce resources needed to strengthen the Soviet economic base.

Gorbachev has clearly stated his desire to increase international trade and technology transfer with the West.

The Soviet Union advocates fruitful and all-around economic and scientific-technical cooperation...The approach to mutually advantageous economic ties and foreign trade should be broad, large scale and directed toward the future. We are in favor of extensive, mutually advantageous cooperation at many levels with the states of Western Europe, Japan, and other capitalist countries.³⁵

A fundamental problem for Gorbachev is that a viable foreign policy as it relates to international trade cannot be formulated when a country maintains rigid control over the flow of information, people, trade, and capital into and out of the country. Therefore, glasnost applies not only to the domestic environment, but also in limited, controlled aspects, to the external environment.

Gorbachev gave the essence of his new political thinking in his book Perestroika.

True, we need normal international conditions for our internal progress. But we want a world free of war, without arms races, nuclear weapons and violence; not only because this is an optimal condition for our internal development. It is an objective global requirement that stems from the realities of the present day...True the world is no longer the same as it was, and its new problems cannot be tackled on the basis of thinking carried over from previous centuries. Can we cling to the view that war is a continuation of politics by other means?...In short we in the Soviet leadership have come to the conclusion-and are reiterating it that³⁶ there is a need for new political thinking.

HISTORICAL-IDEOLOGICAL JUSTIFICATION

Although **perestroika** was necessitated by the disastrous state of the Soviet economy and raises questions concerning the ideals and ultimate goals of socialism, Gorbachev has been careful to give **perestroika** a historical and ideological connection to basic socialist tenets. He continues to stress that socio-economic reforms are generated from the ideals of socialism.

To put an end to all the rumors and speculations that abound in the West about this, I would like to point out once again that we are conducting all our reforms in accordance with the socialist choice. We are looking within socialism rather than outside it, for the answers to all the questions that arise.³⁷

Gorbachev put **perestroika** in a historical context by describing it as a revolutionary overhaul of society, which in its thrust is a direct sequel to the ideals of the 1917 October Revolution. Thus, the purpose of **perestroika** is to break the inertia of socio-economic stagnation through renewal of society.³⁸ In his view, this renewal of society

will lead to more efficiency and responsibility at all levels and thereby increased productivity.

Gorbachev describes the motive for this revolution as dissatisfaction with the socio-economic problems in the Soviet Union which were caused by the underutilization of the potential of socialism.³⁹ On 2 November 1987, in a speech marking the seventieth anniversary of the Great October Socialist Revolution, he described perestroika as socialism in development.

But the more deep we examined our problems and probed their meaning, the clearer it became that perestroika also has a broader socio-political and historical context...Perestroika not only eliminating the stagnation and conservatism of the preceding period and correcting mistakes committed, but also overcoming historically limited, outdated features of social organization and work methods. It implies imparting to socialism the most contemporary forms, corresponding to the conditions and needs of the scientific and technological revolution and to the intellectual progress of Soviet society...We have every reason to view perestroika as a definite historical stage in the forward movement of our society... We have to impart to socialism a new quality or, as they say, a second wind, and this requires a profound renewal of all aspects of society's life, both material and spiritual, and the development of the humanitarian character of our system to the fullest possible extent. The purpose of perestroika is the full theoretical and practical reestablishment of Lenin's conception of socialism...⁴⁰

To ensure he maintains the legitimacy of Marxist-Leninist ideology Gorbachev describes Soviet socio-economic problems not as a crisis for socialism as a social and political system, but as a result of departures from the principles of socialism which resulted in socio-economic stagnation. Gorbachev contends that current reforms are simply to stimulate a renewal of society in response to the present day technological revolution which has

opened up new opportunities for socio-economic progress as socialism transitions to a more advanced stage.⁴¹

Gorbachev used Lenin's ideals of socialism as an ideological source of **perestroika**, to justify this need for reappraisal and reform in all spheres of Soviet life.

The works of Lenin and his ideas of socialism remained for us an inexhaustible source of dialectical creative thought, theoretical wealth and political sagacity...Turning to Lenin has greatly stimulated the Party and society in their search to find explanations and answers to the questions that have arisen...⁴²

Thus Gorbachev sees **perestroika** as resulting in a more dynamic and creative socialist society, renewed by technological improvements, increased social justice, and a higher quality of life, within an environment enhanced by more **glasnost** and democratization.

PROSPECTS

Various Soviet leaders, including Khrushchev, Kosygin, and Brezhnev, have tried to change the Soviet economic system. All failed in their attempts to introduce a decentralized, market-oriented system because of bureaucratic resistance and inertia. Gorbachev realized that to succeed in the revitalization of the Soviet economy, he first had to confront the Soviet culture, with its attitudes, values, customs, and cradle-to-grave socialism, and the bureaucracy within it. Through his policy of **perestroika** Gorbachev has embarked on a systematic strategy to change the government bureaucracy, the Communist Party, and the centrally

planned economy.

The key to even limited success of Gorbachev's reforms, and also the most risky step, will be his consolidation of personal power and overcoming any resistance to his continued drive toward socio-economic reform. A massive purge of the Soviet government and Party structure at the top, middle, and lower levels of the bureaucracy must take place both to consolidate power and to strip out inefficiency. Many of these Party and government officials are old, survivors of the Stalin purges in the 1930's, and fought in World War II. In a speech in Leningrad on 17 May 1985 Gorbachev signaled his intentions to realign the Soviet Communist Party and government.

One should take a fresh look at all the shortcomings, negative phenomena, all sorts of blunders. This is all the more important when one takes into account that in some places discipline and exactingness have become lax even in our party-aktivs and leading cadres...We must, of course, must, as it were, give all our cadres the opportunity to understand the demands of the moment and this stage and adjust. However those who do not intend to adjust and who are an obstacle to solving these new tasks must simply get out of the way-get out of the way, not be a hindrance.⁴³

Gorbachev's drive to consolidate his authority has run into increasing resistance as it became clear that privileges and interests of some of the elite were threatened. Although Gorbachev has achieved an unprecedented personnel realignment, he has not fully consolidated his power at the top and middle levels of leadership, and he still needs considerable consolidation at the widely disbursed lower middle, and lower levels of the Party and government bureaucracy. Gorbachev appears to have more

influence in the Politburo and the Secretariat than in the much larger Central Committee. Moving too fast could limit Gorbachev's power or bring his downfall.

At an address to the 20th Komsomol Congress on 16 April 1987 Gorbachev spoke of resistance to perestroika.

Are there opponents of restructuring?...There is no opposition to restructuring. There are difficulties of the initial stage of these revolutionary changes...The braking mechanism which has come into being has not just existed of itself. There are those who are the specific carriers of it, both at the level of the Central Committee and the Government, and of ministers, both in the republics and in the oblasts, and in the labor collectives...⁴⁴

In this same address Gorbachev spoke of hidden resistance within the bureaucracy that supports restructuring in words but not in action.

Window-dressing and the habituation to it which has taken deep root among broad circles of our society. The most urgent task is to ensure restructuring in deeds. Those who would like to restrict themselves to talking about restructuring must be resolutely pushed aside.⁴⁵

Thus the most formidable obstacle Gorbachev has faced is the nomenklatura, the special leadership elite, whose entrenched privileges and interests are the most threatened by Gorbachev's "revolution from above". Gorbachev has to eventually break this resistance to continue his drive towards reform. There were indications of disagreement on cadre policy at the 27th Party Congress in March 1986. The results of the January 1987 Central Committee plenum indicated that disagreements still existed.⁴⁶

In order to have an opportunity to change the Central Committee composition and attain solid control at all levels as

soon as possible, Gorbachev has proposed an extraordinary Party Conference for June 1988, the first since 1941. This conference will be the crucial test for Gorbachev and for perestroika. The outcome for Gorbachev, his reforms, and eventual repercussions are still in doubt.

MILITARY

Gorbachev inherited a military which consistently takes priority over the civilian sector for personnel, raw materials, and equipment. Although the military establishment would derive long-term benefits from successful economic revitalization, there will be tension between the military and civilian sectors as they compete for scarce resources in the short term. For Gorbachev to achieve his economic goals he may have to convince military leaders that although they should be the main beneficiaries of growth in the long term, they will have to accept short-term reductions. Current Soviet arms control initiatives could create additional resistance from the military as well.

DOMESTIC

Some limited domestic changes have occurred, including some exposure of corruption, release of some dissidents, a carefully controlled move towards some liberalization within Soviet society, and some glasnost.⁴⁷ An example of more openness occurred in the March 1987 edition of the Soviet monthly magazine "October", with the previously banned publication of Anna Akhmatova's "Requiem" collection of anti-Stalin poems. These

poems expose Stalin's purges, and condemn the torture, deportations and mass executions.⁴⁸ This is also a further step by Soviet authorities in denouncing the crimes of Stalin. It is too soon to assess whether long-term increases in food and goods and services will take place.

ECONOMIC

Gorbachev's greatest achievement thus far is recognizing that global military power alone will not insure that the Soviet Union will remain a superpower, that it will have to become a global economic power to maintain that superpower status, and that to attain economic revitalization the Soviet Union must make domestic and foreign policy changes.

Some steps have been taken to generate economic growth, including relaxing the foreign trade monopoly by allowing more than 20 ministries and 70 large production enterprises to engage directly in foreign trade activities beginning 1 January 1987. To attract Western capital, advanced technology, and marketing and managerial expertise, joint ventures with Western companies are permitted, allowing Western companies a 49 percent share.⁴⁹ Economic results thus far are mixed and it is still too soon to assess what impact Gorbachev's economic reform efforts will have.

FOREIGN POLICY

Mounting domestic problems and bureaucratic resistance have increased the need for early success diplomatically. Gorbachev has made arms-control proposals to the United States and has

launched diplomatic initiatives towards Asian countries, in particular seeking to stabilize relations with China. New political thinking initiatives in the arms control area seem hollow at best, because invariably arms control proposals have left the Soviets with decided military advantages. Although much talk of troop withdrawals has occurred, Gorbachev still has not resolved the Afghanistan problem.

OVERALL ASSESSMENT

Gorbachev has demonstrated that he is a subtle and sophisticated politician, and that he is one of the most formidable Soviet leaders the West has dealt with. If Gorbachev cannot solidify his position at the June 1988 Party Conference, and cannot achieve domestic improvements early, the chances of perestroika's success decrease significantly.

Should the West assist in Soviet economic revitalization by sharing expertise, technology, and capital, and by increased trade? Is a stronger Soviet Union with partial economic interdependence with the West, or is a Soviet Union declining in power the more dangerous adversary? If the Soviet Union becomes more efficient as a result of increased economic interdependence with the West, increased international stability could occur, but this will not necessarily be the outcome.

The most critical question is whether or not Gorbachev is truly intent on reform in the domestic and international arenas. It is too early to tell if the Soviet "change in language" will be matched any real long term domestic and foreign policy

changes. Accurate judgements cannot be made on the basis of approximately three years of Gorbachev as General Secretary. The degree of success or failure of Gorbachev will have significant implications for the West, the global community, and the Soviet Union. Gorbachev has stated, "Upon the success of perestroika depends the future of socialism and the future of peace".⁵⁰

ENDNOTES

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